

Absa spend insights report reveals major consumer spending patterns in the face of economic transitions.

Report highlights stabilising spending trends, digital commerce growth, and the township economy's evolution.

Johannesburg, 11 April 2025 - The Absa Merchant Spend Analytics Report for February 2025 shows a general decline in card spending across most categories, reducing overall card spending and transaction volumes. However, this card spending drop has slowed compared to the decline experienced in January 2025. Amid ongoing economic uncertainty, the report highlights major trends in card spending patterns, shedding light on consumer adaptation strategies, the continued rise of online shopping, and the evolving township economy.

Moderation in expenditure declines points to stabilisation

Consumer spending in February showed signs of stabilisation following the contraction in January. The month-on-month (MTM) fall in card spending slowed from 22% in January to 10% in February, and volumes dropped from 15% to 6%. The average value per sale slowed by only 4% from 8% in January. The shift shows that consumers are regaining financial stability after imposing austerity measures in the post-festive season.

Although MTM trends indicate a slow recovery, the year-to-date (YTD) data presents a more positive picture, even though the growth has moderated. Card spending is 4% higher, with volumes 8% higher YTD February 2025 compared to the same period last year (2024). Growth in credit and debit card usage has decelerated to 5% and 4% YTD, respectively, down from 11% and 5% in the same period last year. Despite a slightly higher growth rate in credit card usage, debit cards remain predominant, representing 75% of transactions across the top 10 core categories.

Online shopping remains ahead of store purchases

Online shopping remains a growth leader, with online grocery spending up 51% year to date and in-store card spending remaining flat. The trend indicates a persistent shift to online platforms for day-to-day essentials fuelled by competitive prices, time-saving convenience, and expansion in delivery services.

Conversely, the clothing market experienced erratic consumer spending patterns according to internal data, with in-store retailing up 8% YTD and online retailing only 4%. The retail market in South Africa is under threat from international online platforms that offer fast fashion at low prices.

“Consumers are becoming increasingly value-driven, prioritising affordability and carefully managing their spending. Retailers and businesses must adapt to this shift by offering competitive pricing and loyalty-driven incentives to maintain customer engagement”, said Isana Cordier, Head: Consumer Sector, Absa CIB.

The township economy: a frontier for growth

The trends in card spending also highlights the evolving payment landscape. The flourishing township economies are reshaping card spending behaviour, diverting spending away from traditional retail channels. These localised economies often operate with a higher prevalence of informal trading and cash transactions, which are inherently difficult to track through traditional card spending data. This means that a growing portion of card spending may be occurring outside



the scope of traditional card transaction analysis. Furthermore, the increased use of mobile money wallets and other digital payment platforms within these economies adds another layer of complexity.

Looking ahead: adapting to a changing consumer landscape

With the South African Reserve Bank (SARB) maintaining interest rates in March, economic uncertainty remains a top priority in consumer habits. Growing price consciousness among South African shoppers continues to reshape retail and compels firms to rethink prices, loyalty programmes, and consumer engagement programmes.

"The retail market in South Africa stands at a tipping point. Those that place value-conscious shoppers at the forefront, embrace digitisation and investing in new markets including township economies will be best positioned to succeed in the long run," Cordier said.

For further details and access to the full report, please visit <https://cib.absa.africa/wp-content/uploads/2025/04/Absa-Merchant-Spend-Analytics-February-2025.pdf>

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